

## Attachment 16B: Medicare Eligible Retiree Health Care Fund Advancement Recognition

### BACKGROUND

The Medicare Eligible Retiree Health Care Fund (MERHCF) provides supplemental health care benefits to Medicare–Eligible Retirees under Public Law (PL) 106-398. The health care may be provided through purchased care or the Military Treatment Facilities. Benefits paid for purchased care patients are paid upon completion of an adjudication process. Benefits paid for patients obtaining care from the Military Treatment Facilities are reimbursed quarterly based on estimates established by the Tricare Management Activity (TMA). Reimbursements are paid in October, December, March, and June of each year. The payment in October is to cover expenses for October, November, and December that would be liquidated before the quarter ended. All other payments cover the three months following payment date and would be considered advancement by the Fund and unearned revenue by the various agencies until liquidated.

Please note that the DoD agencies will be required to initiate the trading partner entry into DDRS for unearned and earned revenue. Provided below are samples that display the appropriate trading partner entries.

### RECORD UNEARNED REVENUE

On a quarterly basis, the portion of the unearned revenue received must be recognized in the current period as described below. The objective of this process is to ensure that advances to others per MERHCF agree with unearned revenue per DoD agencies. The payment for October, November, and December is paid in the next fiscal year, therefore, unearned revenue will not be recognized in the 4<sup>th</sup> quarter.

#### Journal Entry to Record Unearned Revenue

1010	Fund Balance with Treasury
*2310 (F) (97X5472)	Advances from Others
4222	Unfilled Customer Orders W/Advance
4210	Anticipated Reimbursement & Other Income

\*NOTE: Many legacy and migratory systems may have recorded this advance as revenue. When this occurs, a reclassification entry may be necessary to record the related liability.

### RECORD REVENUE

On a quarterly basis, the cumulative amount of earned revenue from the Military Treatment Facilities must be recognized in the current period as described below. The objective of this process is to ensure that expenses per MERHCF agree with revenue per DoD agencies.

#### Journal Entry to Record Revenue

1010	Fund Balance with Treasury
*5900 (F) (97X5472)	Other Revenue
4252	Reimbursements & Other Income Earned-Collected
4222	Unfilled Customer Orders W/Advance

\*NOTE: Many legacy and migratory systems may be using alternative revenue accounts. When this occurs, a reclassification entry may be necessary.